

**WASHINGTON STATE FERRIES
QUARTERLY BUSINESS AND FINANCIAL UPDATE**

Briefing Paper
Prepared for the June 2004
Transportation Commission Meeting

Prepared by: Bill Greene, Director of Program Development, Washington State Ferries
Reviewed by: Sam Kuntz, Chief Financial Officer, Washington State Ferries
Approved by: Mike Thorne, CEO, Washington State Ferries

PURPOSE:

To provide an update on the current business operations and financial performance of Washington State Ferries (WSF) for the quarter ended March 31, 2004.

ACTION/OUTCOME:

This briefing is for information only and no action will be required of the Commission.

BACKGROUND:

The Commission has approved a strategic business plan for WSF that provides a balanced approach for bringing long-term financial viability to WSF operations, and a capital plan that will provide for the timely replacement, preservation and modernization of WSF assets. The successful implementation of these plans was encouraged and assisted by the Legislature, which passed enabling legislation and funding for WSF during the 2003 and 2004 sessions.

DISCUSSION:

WSF will report on the current status and financial results of implementing these strategic operating and capital plans. The briefing will provide a comprehensive review of current issues including the following topics:

- A financial report of our operating and capital expenditures for the quarter ended March 31, 2004 compared to budget.
- Update on rising fuel costs.
- Recent farebox revenue and ridership trends.
- Current status on implementing new revenue initiatives including the RFP for new food concessions, redevelopment of Pier 52 in Seattle, advertising and parking lots.
- WSF efforts and success in securing federal funds as a new source of revenue.
- Update on the Keystone study.
- Current status on the revenue collection system and smart card project.
- WSF clean fuel initiatives.

RECOMMENDATION:

This briefing is for information only.

For further information contact Sam Kuntz, CFO, Washington State Ferries at 206-515-3403.